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**MEMORANDUM FOR THE DIRECTOR**

**SUBJECT: Effect on the Chinese Nationalists of a US Refusal to Permit an Attack on the Chinese Mainland**

Assume:

- (a) An approach to the Chinese Communists, through the British, proposing an agreement to the effect that they refrain from attacking the offshore islands and we prevent the Chinese Nationalists from attacking the mainland.
- (b) That this approach becomes known to the Chinese Nationalist Government.

Problem:

What is the effect on the Chinese Nationalist Government.

1. The morale of the Chinese Government would be gravely damaged by this move, which would seem to them to forbid a return to the mainland at a time of excellent opportunity, and thus freeze the status quo indefinitely. There would be a violent emotional reaction of bitterness and anti-Americanism among the governing Chinese, accompanied by a substantial deterioration of relationships with the US. Cooperation in political, military, and intelligence

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areas would be severely reduced. The effect would be worst of all if Chiang and his associates previously believed that the US would help them in some form of attack on the mainland, and then received news of the assumed US move from non-US sources. In such an event damage to morale would be compounded by severe disillusion with the US.

2. We think that in this situation there is some chance that they would decide to attack the mainland with their own resources. This would be a move, made in the hope that in the last analysis, the US would be unable to allow the Nationalist forces to suffer a serious defeat, and so would come to their assistance.

3. The consequences for the political regime on Taiwan are not foreseeable. It is possible that a political convulsion would ensue which would end in a complete transformation of the leadership. It is extremely unlikely that the Nationalist leaders, or any substantial element of their followers, would accommodate to the Communists, especially in the present dire condition of Communist China. But principal leaders might withdraw from the administration and leave the island if they were able. It would be very difficult to reconstitute an admin-

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claims for return to the mainland in return for US protection on the island. To create such an administration would certainly require a heavy involvement of the US in political affairs in Taiwan. In time it is possible that a stable government could be reestablished on Taiwan. But it would obviously be a government with a completely altered international standing, with interests and prospects confined to Taiwan itself.

FOR THE BOARD OF NATIONAL ESTIMATES:

ABBOT SMITH  
Acting Chairman

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